

PAYMENT FOR EXPROPRIATED PETROLEUM PROPERTIES

*Exchange of notes at Washington September 25 and 29, 1943; joint
report signed April 17, 1942*

Entered into force September 29, 1943

*Terminated September 30, 1947*¹

58 Stat. 1408; Executive Agreement Series 419

EXCHANGE OF NOTES

The Secretary of State to the Mexican Chargé d'Affaires ad interim

DEPARTMENT OF STATE

WASHINGTON

September 25, 1943

SIR :

Reference is made to the Embassy's Memorandum of July 24, 1943, concerning the matter of concluding the final agreement as provided by Paragraph 16 of the Agreement effected by exchange of notes signed November 19, 1941,² in relation to the claims of American nationals whose properties, rights and interests in the petroleum industry in Mexico were affected by acts of the Government of Mexico subsequent to March 17, 1938.

As a consequence of the statements contained in the above-mentioned memorandum, and in view of prior correspondence and subsequent conversations, it is understood that the two Governments are now in agreement on the following:

1. In accordance with the Joint Report submitted on April 17, 1942, by Messrs. Morris L. Cooke and Manuel J. Zevada, experts designated by the respective governments pursuant to the Agreement concluded on November 19, 1941, the Government of Mexico shall pay to the Government of the United States of America the sum of \$23,995,991.00, United States currency, plus interest, computed in conformity with the Joint Report, at three per centum per annum from March 18, 1938.

¹ Date on which Mexico made final payment.

² EAS 234, *ante*, p. 1057.

2. There shall be credited against the total sum of \$27,981,955.20 due on September 30, 1943, the sum of \$9,000,000 heretofore deposited with the Government of the United States of America by the Government of Mexico. The sum of \$3,796,391.04, representing one-fifth of the balance, shall be paid at Washington on September 30, 1943, and the remaining sum of \$15,185,564.16, plus interest, shall be paid at Washington in four equal annual installments of \$4,085,327.45 on the thirtieth day of September of each of the years 1944 to 1947 inclusive.

3. The total sums to be so paid by the Government of Mexico, which shall not be subject to deduction on account of taxes or claims of any character, shall be in full and final settlement and liquidation of all claims against the Government of Mexico on behalf of the respective companies named in the Joint Report of April 17, 1942, and also on behalf of the following companies not named in the said Joint Report:

J. A. Brown, S en C.,
Green y Cia.,
Doheny, Bridge y Cia.,
Cia. Naviera Transportadora, S.A.,
Cia. Petrolera Titania, S.A., and
Cia. Petrolera Mercedes, S.A.

4. The Government of Mexico releases all of the companies included in the preceding paragraph from all obligations which it may be entitled to exact from them, including unpaid taxes and fiscal charges and payments which the Government of Mexico has legally made, or has undertaken to make, for the account of such companies. The Government of Mexico also assumes responsibility for the satisfaction and settlement of all claims of a private character against such companies—including labor claims—which have been, or may be, determined to be valid by Mexican administrative or judicial tribunals. For this purpose, the Government of Mexico agrees to take such steps as may be necessary to substitute itself for any of the companies in actions which have been, or may be, instituted against them in such tribunals.

5. Before any payment is made by the Government of the United States to a company included in this agreement, such company shall deposit with the Department of State, for delivery to the Government of Mexico upon the payment by the latter of the final annual installment payable under this agreement, such documents and instruments of title as it may have in its possession evidencing its ownership of the affected properties, rights or interests.

If the Government of Mexico concurs in the foregoing, it is suggested that this note and the Embassy's reply thereto be regarded as constituting the agree-

ment between the two Governments as provided by Paragraph 16 of the Agreement effected by exchange of notes signed November 19, 1941.

Accept, Sir, the renewed assurances of my high consideration.

CORDELL HULL

The Honorable

Señor Don RAFAEL DE LA COLINA,

Minister Counselor,

Chargé d'Affaires ad interim of Mexico.

The Mexican Chargé d'Affaires ad interim to the Secretary of State

[TRANSLATION]

EMBASSY OF MEXICO
5623

WASHINGTON, D.C.,
September 29, 1943

MR. SECRETARY:

I have the honor to acknowledge the receipt of Your Excellency's note of September 25, 1943, in which reference is made to the Embassy's Memorandum of July 24, 1943, and in which a summary is given of the result of the various exchanges of impressions which have been conducted with respect to the final settlement of the claims of American nationals whose rights and interests in the oil industry of Mexico were affected by acts of my Government after March 17, 1938.

It is a pleasure for me to inform Your Excellency that my Government is in agreement with the terms of the summary given in the note to which I am replying, namely:

[For terms of summary, see numbered paragraphs of U.S. note, above.]

In virtue of what has been set forth, the Government of Mexico considers that Your Excellency's note of the 25th instant, referred to (above) and this reply constitute the agreement referred to in Paragraph 16 of the exchange of notes of November 19, 1941.

I avail myself of the opportunity to renew to Your Excellency the assurances of my highest and most distinguished consideration.

RAFAEL DE LA COLINA
Chargé d'Affaires ad interim

His Excellency

CORDELL HULL,

Secretary of State of the

United States of America.

JOINT REPORT

To—

FRANKLIN DELANO ROOSEVELT,
President of the United States of America.

MANUEL AVILA CAMACHO,
President of the United Mexican States.

SIRS:

As provided in the exchange of notes dated November 19, 1941, between his Excellency, Cordell Hull, Secretary of State of The United States, and his Excellency Francisco Castillo Nájera, Mexican Ambassador to the United States, the undersigned were appointed by our respective governments as experts authorized to determine according to "equity and justice" for purposes of indemnification the compensation to be paid the nationals of the United States of America whose properties, rights or interests in the petroleum industry were affected to their detriment by acts of the Government of Mexico subsequent to March 17, 1938, and in respect of which no settlement has heretofore been affected.

Expropriation, and the exercise of the right of eminent domain, under the respective Constitutions and Laws of Mexico and the United States, are a recognized feature of the sovereignty of all modern States.

We have surveyed the works and lands involved and studied the records of the properties, rights and interests appertaining thereto and have mutually agreed that their value, as of March 18, 1938, should be fixed, in the sum of 23,995,991. ----- dollars, covering all elements of tangible and intangible value, allocated as follows:

Standard of New Jersey Group.	Dlls.	18,391,641.
Huasteca Petroleum Company		
Mexican Petroleum Company		
Tuxpam Petroleum Company		
Tamiahua Petroleum Company		
Cía. Petrolera Ulises, S.A.		
Cía. Transcontinental de Petróleo, S.A.		
Cía. Petrolera Minerva, S.A.		
Standard Oil of California Group.	Dlls.	3,589,158.
California Standard Oil Company of Mex. S.A.		
Richmond Petroleum Company		
Consolidated Oil Group.	Dlls.	630,151.
Consolidated Oil Co. of Mexico, S.A.		
Cía. Franco Española, S.A.		
Cía. Petrolera Aldamas y Bravo, S.A.		
Sabalo Group.	Dlls.	897,671.
Sabalo Transportation Co.		
Cía. Petrolera "Clarita", S.A.		
Cía. Petrolera Cacalilao, S.A.		

Seaboard Group.
International Petroleum Company
Compañía Internacional de Petróleo
y Oleoductos, S.A.

Dlls. 487,370.

Therefore, according to the said oil agreement of November 19, 1941, it is our joint judgment that:

FIRST: The Government of the United Mexican States shall pay to the Government of the United States of America, on behalf of the above mentioned claimants, the amount of Dlls. 23. 995. 991-----in accordance with the schedule of payments finally approved by the two governments.

SECOND: Before any payment is made on account of these awards the corporation affected shall deposit in escrow and, when final payment has been made, shall deliver to the Government of Mexico all documents and instruments of title pertaining to the expropriated properties.

THIRD: The Government of Mexico and each of the said claimants shall release each other respectively of all reciprocal claims that may still be pending against one another, with the exception of those of the Mexican Government against the companies for unpaid taxes and duties, as well as those based on payments legally made by the Mexican Government for the account of the said companies.

The Mexican Government will assume liability for all private claims which may be instituted after this date by private individuals against these companies as a result of expropriation; but not for the private claims against these companies now pending before the Mexican Courts.

FOURTH: Recommendation is hereby made that the amount determined be paid as follows: one-third on July 1, 1942, and the balance in five (5) equal annual installments, payable on July 1st. of each succeeding year.

FIFTH: All balances as shown to be due these said claimants on the several dates prescribed shall bear interest at the rate of 3 per cent per year dating from March 18, 1938.

Done in duplicate, in both Spanish and English, on this day, April 17, 1942.

MORRIS L. COOKE
*Representing the United States
of America*

MANUEL J. ZEVADA
*Representing the Republic
of Mexico*